

City of San Jose
Former San Jose Medical Center Site
Land Use – Health Care Study

Stakeholder Advisory Committee Meeting

200 East Santa Clara Street, Room W-120

(San Jose City Hall, Council Wing)

Wednesday, February 21, 2007

6:00 – 8:00 p.m.

Draft Meeting Notes

Committee Members: Bob Brownstein, Bob Hines, George Chavez, Roz Dean, Gary Schoennauer, Nancy Hickey, Dennis Hickey, Les Levitt, Jim Murphy, Julia Ostrowski, Patti Phillips, Joe Pambianco, Paula Velsey

Planning Staff: Jeannie Hamilton, Andrew Crabtree, Cesario Rodriguez, Allen Tai

Consultants: Dr. Henry Zaretsky and Terry Bottomley

Facilitator: Kip Harkness

1. Welcome and Overview

2. Demolition Application by Jeannie Hamilton, Deputy Director

- a. On January 16, 2007, the property owner of the San Jose Medical Center, San Jose Hospital L.P., filed a Planned Development Permit (PD07-008) to demolish most of the buildings on the San Jose Medical Center site.
- b. Planning Director has informed the applicant that an Environmental Impact Report will be required for environmental clearance under CEQA, because it is likely that a fair argument can be made that the demolition of SJMC buildings could result in significant impacts on the environment. These impacts could include cultural resources, hazardous materials, noise, and air quality.
- c. The process is will take at least several months, and Planning will not act on the demolition proposal until environmental review is completed.
- d. Community outreach process for PD Permit:

The environmental review process includes a Public Scoping meeting on the EIR, public review period when a Draft EIR is available, and public hearings. Interested parties and property owners nearby will be notified and invited to review and comment on the EIR.

Information will be posted on the Planning Division website as it becomes available.

e. Questions and answers:

- Can the City refuse the demolition application until the SJMC Stakeholder process is over? The City does not have the ability to delay or refuse an application submittal. There will be many opportunities for community input and meetings for the public to clearly understand project.
- Why is an EIR required? Given the scope of project, staff believes that is a strong possibility there would be a fair argument that the demolition could result in significant environmental impacts, which would require an EIR.

A comment was made that the Committee was surprised that the applicant would file the demolition application especially while the Committee was in the process of studying its reuse potential. Dennis Hickey was concerned that this committee is advisory only and that it has no teeth. He stated that no one had heard about the demolition application and people had to learn about it from the Downtown Association and the newspaper.

Gary Schoennauer responded that the demolition request was not to undermine the committee process, but in anticipation that the processing for this permit would take months, and was therefore the appropriate time to file an application. He stated that HCA is willing to work with the Committee. City has two steps: a discretionary process, then a technical permit. There is a Planned Development (PD) zoning on the property, so a PD Permit is required to demolish the existing buildings. The demolition requires an EIR for potential impacts to a cultural resource, historic resource and air quality. Even with diligent staff, this cannot be completed before the end of the stakeholder committee process.

Roz Dean inquired about which of the buildings on the site would be demolished. Jeannie Hamilton stated that plans and information would be posted on the website, adding the fact that this is a long process, and staff needs to review all the pertinent information before making a recommendation.

Julia Ostrowski asked about the timing and what next possible steps would be next. Jeannie Hamilton outlined the requirements for a community meeting and the initial study review as a part of the development process. A draft EIR is circulated for adequacy over a period of 30 days. Note that at administration Draft period, there is a community meeting prior to completion of administration draft, may be more than two meetings. The concern is that we need to give the community lead time. Paula Velsey indicated that she received no notification of the application.

Les Levitt said the San José Mercury News editorial should not be posted on the website because they tend to promote one recommendation or another.

3. Continue Review and Discussion of Concept Scenarios

Dr. Zaretsky updated information and shared the new data he obtained. He talked to healthcare providers and asked each three hospitals to provide information and the County responded. He also presented several slides that explored the impacts to other medical facilities since SJMC closed.

Summary Points:

- Emergency units relying more on Valley Medical since closure
- Largest impact to Medi-Cal patients
- Visits from Downtown are up 40%
- Total medical visits is up 15%; the visits from the Downtown area is approximately 22.8%
- The data reflects closure of SJMC plus Regional Med.'s decision to drop Medi-Cal patients.

Dr. Zaretsky stated that emergency room (ER) visits to Valley Medical from Downtown increased 40.6% from 2004 – 2006. There was an increase from 1310 to 1,842 medical visits from Downtown users. Joe Pambianco stated that people are not being adequately served at Regional Medical. Bob Brownstein added that Emergency Room admission statistics might be a better indicator of the impacts of the closure of SJMC, which was not done in this case.

Jim Murphy stated that the issue with hospitals is not just related to the number of beds serving the ER. It is much more complicated and depends on the availability of ER specialists. Just because beds are available does not mean there are specialists serving them. Jim Murphy also stated that wait times for beds can be very difficult to obtain especially without specialist access. The issue is further complicated by the back log of available beds.

Dr. Zaretsky stated that beds are a community issue overall in San Jose and SCACO with a lack of bed availability. There are several dimensions to analyze; looking at total acute beds, but there may be bottlenecks. There are available beds and licensed beds, if not available do not license. Jim Murphy stated that the flu season is not too bad. If the hospitals do run full during a bad flu epidemic there will be no beds available since there are long lead times for new beds with possible expansion to be pushed to year 2013.

Dr. Zaretsky asserted in terms of the uninsured, beds don't exist for them and there is very little charity. Estimated utilization for the uninsured is about 30%. Julia Ostrowski suggested looking into the quality of care at the various medical facilities. For low income and uninsured, the hospital beds do not exist in practice because the hospitals will not admit those patients. A comment was made that there was a need to discuss the type of hospital that has a commitment to certain demographic, including the low-income, Medi-Cal, Medicare, and Central San Jose population.

Roz Dean stated that the committee needed to see examples of other hospitals that operate outside of San Jose to compare. She believed there was a need to see how other hospitals operated as well as understand their operating margins.

Joe Pambianco brought up a question of logistics. If we had fewer uninsured, given legislation proposed, it could go up to 2/3 if government bill passes, it would bring Medi-Cal up to Medicare, all hospital would support Medi-Cal patients. The capacity would not be there, alternative to doctors. Though there would be more beds being built, but where would the medical staff would come from to support his new infrastructure?

Jim Murphy highlighted that it takes eight years to plan for a hospital. It is worrisome that the state and federal governments are fighting for the same source of funding.

Joe Pambianco asked about the shortage of doctors. If there are no places to work, why would they come seeking employment to serve non-existent beds? Dr. Zaretsky answered that more demand therefore would require more beds. If care given more efficiently, through means such as primary care, that could translate to less utilization of the ER.

Roz Dean stated that projected Santa Clara health plan shows increased demand. Les Levitt asked, in terms of availability of doctors, what is the status on number of doctors now versus five years ago? Dr. Zaretsky answered that it is tough question because the data is not available. The other problem is to distinguish which of these doctors work full-time versus those that just have an office. He did not know if there is a shortage in San Jose, but he thought that there are less primary physicians than specialists. It would require a lot of time and resources to obtain such data. Jim Murphy further supported the fact that this information is very difficult to obtain. There are several different types of physicians, but he numbered them in the low 4,000's including researchers, others not part of medical societies, ambulatory patients only, etc.

Dr. Zaretsky pointed out medical capacity follows the money. The next slides showed available versus licensed bed between 2005 to 2030. In summary, they show a shortage in hospital beds for the San Jose area beginning in 2010. Dr. Zaretsky identified the need to start building new beds. He also stated that the average hospital today has less than 200 beds and efforts to address with upcoming demand should continue.

Joe Pambianco asked whether the availability of land was one of the core issues. Dr. Zaretsky answered if there is demand, there has to be financial availability to get additional beds, with universal coverage. He noted that there is going to be shortage. Joe Pambianco stated that this is a pronounced capacity issue and asked about possibilities of land banking. Dr. Zaretsky replied that he did not know, but he previous report identified a demand in 2004 that equated to at least small hospital.

Jim Murphy stated that Valley Medical is more efficient, it has the same number of rooms/beds, but capacity will not solve all of the problems.

Bob Brownstein pointed out that the data understates health care needs because the Downtown service area has a disproportionate number of uninsured/Medi-Cal patients. Keep in mind as we review data that there is a significant difference in hospitals; O'Connor Hospital not trying to go bankrupt but it takes Medi-Cal. He stated that a hospital that takes care of the health of the community must provide beds for this demographic.

Gary Schoennauer asked for a re-iteration of SJMC statistics. Dr. Zaretsky stated that SJMC had only 1/3 of beds occupied and only 1/3 of those were from the Downtown area. It was meeting only a small portion of the Downtown demand at the time it closed. That was probably because the value of the SJMC was its trauma center. The hospital itself was not a great facility to begin with. Joe Pambianco said that upon the arrival of HCA, there was a draw down of several departments. Dr. Zaretsky said the physical plant was not very good and there was a systematic approach to draw down.

Roz Dean said that SJMC was dropped, SJMC presented paper as to how SJMC could be profitable.

Dr. Zaretsky said that from 1993-2003, the deterioration was nothing dramatic. HCA dropped out in 1996 before the huge drops in beds in 97-98.

Bob Brownstein said there is a lack of examples of hospital in other communities with different concepts of care, funding, spacious, technology changes in Medical care. Dr. Zaretsky replied the hospitals that provide Medi-Cal charity are sources. Jim Murphy said that outside of California, Medicaid is more valued. Elsewhere more insured/Medicaid patients are found. The California structure to building hospital makes it so if you are not part of state system then the rules are set against you.

Dr. Zaretsky pointed out as an example that Paradise Center took Medi-Cal, but it was sold to investors (other hospitals) at the opposition of community/staff, and cancelled all Medi-Cal contracts. Joe Pambianco said the issue is about finding money, not physical space.

Dr. Zaretsky said that if the community is lacking, surrounding doctors leave because they were dependent on hospital and doctors. It's important that in that spot there be outpatient services, a viable clinic, and medical offices.

Gary Schoennauer stated that no one came forward during the RFP process to take over the SJMC. HE stated that it is not this Committee's role to say what is good and bad with hospitals. He added that since the 1920s there have been no new investment along that section of Santa Clara Street. No new significant hospital related development. He asked the Committee how the site can be made more attractive in attracting medical uses.

Dr. Zaretsky stated the report was made available, but there was no interest. Others who build hospitals were not interested. It is an issue of space and the focus should be on what/where those sites might be, not necessarily next to a residential neighborhood. Since 2000, there has been no new investment on medical facilities. There has been no new medical development between 1st Street and 24th Street. How do you catch the interest of physicians?

Paula Velsey says HCA would not sell to anyone who will build a hospital. She is not sure that it is the Committee's role to discuss which type of hospital should be on the site.

Roz Dean stated there were two respondents to the City's RFP. Howard Classen said that would not impact the bed number, one was a specialty hospital. Discussion keeps saying, that the site is a community asset, even if it is not feasible and financially sound. There should be an effort to try to protect what is there and include some community service.

Bob Brownstein disagrees with Gary Schoennauer, saying that it is not a physical issue. There is a need to consider that hospital as a community asset and to increase the service to the community and City. He asked about the kind of medical facility is in the realm of discussion and the type of service with access to substantial populations of the community. He noted that there is no perfect site, but size, access to transportation and zoning are on his short list. He also stated that previous investors were not interested

in CSJ. The Redevelopment Agency should try to find a way to encourage private/public partnership. City strategy should be maintained.

Dr. Zaretsky added forums like this should continue to meet regularly. Hospitals and medical groups should be inspired to have a forum like this because it has an impact on hospital, doctors, and politicians. There are standing hospital/medical care needs.

Roz Dean stressed the need to involve the County Hospital Commission.

4. Public Comments

Howard Classen discussed hospital beds and suggested that the analysis should keep track of staff beds, because they are tied to medical staff (required staffing ratios). He also suggested looking at the service migration from insured to uninsured.

Bob Leninger, former Redevelopment Director, discussed the history of land banking and development in the Downtown. From the Redevelopment perspective, it would not be a public project not without public assistance. He understood the need to address future demand, and stated that to be able to react to the demand then there must be public ownership and land banking.

5. Logistics and House Keeping

Paula Velsey stated the need for more public meetings and asked for more discussion on Dr. Zaretsky's data. Julia Ostrowski asked whether it was a realistic timeline to have the Committee process end by June.

Nancy Hickey inquired about the photos taken during the previous field trips to the site, and Kip Harkness stated that he would discuss the issue with Terry Bottomley.

Roz Dean inquired about the status of the consultant contracts and the structural analysis of SJMC, and Kip Harkness stated that there would be an update at the next meeting.

Meeting Adjourned.